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Fact Sheet for the Ranking Minority Member, Committee on Foreign Relations, U.S. Senate

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INF TREATY

Cost of Weapon Systems To Be Destroyed and Possible Savings

GAO/NSIAD-88-141FS

ORIGINAL

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-230521

March 24, 1988

The Honorable Jesse Helms
Ranking Minority Member
Committee on Foreign Relations
United States Senate

Dear Senator Helms:

In January 1988 you requested that we provide a detailed cost analysis of the fiscal impact of the proposed Intermediate-Range Nuclear Forces (INF) Treaty. Subsequently, we agreed to identify--to the extent possible--the costs of implementing the treaty; the total program costs associated with the missile systems to be destroyed; and estimated savings, if any, which may be attributable to the accord.

If ratified, the treaty would require that the United States destroy a total of 867 missiles--178 Pershing IAs, 247 Pershing IIs, and 442 Ground Launched Cruise Missiles (GLCM), their launchers, and specified support facilities, and training equipment. Information on the costs of implementing the treaty is classified and will be provided separately. This fact sheet provides information on the missiles' program costs and preliminary estimates on costs that may be avoided as a result of the treaty.

The total program costs through fiscal year 1987 for the Pershing II and GLCM missile systems are $2.60 billion and $3.45 billion, respectively (see app. I). (Program costs of the Pershing IAs to be destroyed were not available.) Some of the equipment not subject to the treaty will be redistributed to other programs. Other funds will be recovered. To date, for example, the Air Force has identified over $550 million in equipment that will be reused and about $50 million in funding that will be recovered due to project cancellations. Army officials stated that various Pershing support equipment will be reused; however, they had not yet quantified the value of these items.

The Department of Defense has estimated that, as a result of the treaty, costs of $219 million in fiscal year 1988 and $240 million in fiscal year 1989 could be avoided for the Pershing II and GLCM programs. Further, the Army estimates that $1,223 million in costs for the Pershing program through fiscal year 1995 could be avoided. (See app. II.) The Air Force has not provided a similar estimate for the GLCM program.

Unless you publicly announce its contents earlier, we plan no further distribution of this fact sheet until 5 days from its date. At that time, we will send copies to appropriate congressional committees and copies will be made available to other interested parties on request.

If we can be of further assistance, please call me on 275-4128.

Sincerely yours,

Joseph E. Kelley

Joseph E. Kelley
Associate Director

HISTORICAL PROGRAM COSTS FOR THE PERSHING II AND GROUND LAUNCHED CRUISE MISSILE

The Intermediate-Range Nuclear Forces (INF) Treaty requires that the United States destroy all of its Pershing IIs and Ground Launched Cruise Missiles (GLCM), their launchers, and specified support equipment and facilities.[1] According to Selected Acquisition Report data, the total approved program cost of the Pershing II and GLCM systems (through fiscal year 1987) is $2.60 billion and $3.45 billion, respectively. As shown in table I.1, this includes research, development, test and evaluation (RDT&E); procurement; military construction; and missile modification costs.

Table I.1: Total Approved Program Costs Through Fiscal Year 1987.

Cost category	PERSHING II[a]	GLCM[b]
	(millions)	
RDT&E	$ 692.4	$ 383.7
Procurement	1,763.4	2,720.7
Military Construction	3.8	324.8
Modifications[c]	137.0	22.8
Total	$2,596.6	$3,452.0

[a]Pershing II figures are based on the September 30, 1987, Selected Acquisition Report.
[b]GLCM figures are based on the December 31, 1986, Selected Acquisition Report, as updated through fiscal year 1987.
[c]Total costs for modifications to in-service missiles are not reported in Selected Acquisition Reports. These amounts were provided separately.

Army officials told us that some of the equipment procured under the Pershing II program would not be subject to treaty limitation and would therefore be available for use in other Army units. Such items include radios, trucks, generators, tool kits, and other support equipment. However, Army officials had not yet quantified the value of this equipment.

Air Force officials also told us that some GLCM equipment would not be eliminated under the treaty and could therefore be reused by other units. For example, 76 Launch Control Centers, valued at approximately $6 million each, will be reconfigured and reused by the Air Force. In addition, $114 million worth of missile

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[1] The treaty also requires that the United States destroy all of its shorter-range Pershing IA missiles. However, historical program cost information for these missiles was not available when this report was prepared.

components and subassemblies produced under existing Air Force contracts will be made available to the Navy. These items will be used in the Navy's Sea-Launched Cruise Missile program.

The Air Force also expects to recover approximately $40 million to $58 million in previously approved military construction funding due to project cancellations.

ESTIMATES OF COST AVOIDANCE UNDER THE INF TREATY

The Department of Defense (DOD) and the Army have made certain limited estimates of possible costs that will be avoided with ratification and implementation of the INF treaty. Both estimates assumed that the treaty would be ratified as of April 1, 1988. The DOD estimate is for fiscal years 1988 and 1989 and totals $459 million, as illustrated in the following table.

Table II.1: Pershing and GLCM Costs That Can be Avoided.

Cost category	Fiscal year 1988	1989
	(millions)	
Pershing		
Operations and Maintenance	$ 7	$ 19
Military Personnel	-	77
Procurement	-	15
Total	$ 7	$111
GLCM		
Operations and Maintenance	$ 29	$ 43
Military Personnel	-	55
Procurement	101	30
Military Construction/ Military Family Housing	77	-
RDT&E	5	1
Total	$212	$129
TOTAL	$219	$240

According to DOD officials, these cost reductions are reflected in DOD's amended budget request for fiscal years 1988 and 1989. Also, the personnel savings reflected above will be applied to other requirements and will not result in actual personnel reductions. No offsets for missile destruction or compliance inspections are reflected here.

The U.S. Army Missile Command estimated possible costs that will be avoided through fiscal year 1995. The Army, for planning purposes, has listed the Pershing as a 21-year program, 1975-1995. Therefore, without the treaty, costs would be incurred for this program through 1995. The missile command's estimate of total cost avoidance is $1,222.9 million for 7-1/2 years (an average of $163 million per year), as shown in the following table. This estimate does not include costs incurred by other offices.

Table II.2: Pershing II costs that can be avoided, April 1, 1988-Sept. 30, 1995.

Cost category	Cost (millions)
RDT&E	$ 62.5
Procurement	241.9
Military Construction	-
Operations and Maintenance	918.5
Total	$1,222.9

The entire Pershing system must be eliminated within 36 months subsequent to treaty ratification. Figures are based on the initial approved withdrawal schedule available in December 1987. Changes to this schedule will have an impact on estimated avoided costs.

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